



STRONG ACTION for ONTARIO



2012
ONTARIO
BUDGET

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The *2012 Budget* is the next step in the government's five-year plan to keep Ontario on track to balance the budget by 2017–18.

A balanced budget will make the economy stronger and better able to create jobs, while protecting education and health care.

The Budget proposes to reduce program spending growth and contain costs by \$17.7 billion over the next three years, while increasing revenues by \$4.4 billion without raising taxes.

PLAN TO BALANCE THE BUDGET

The single most important step the government can take to strengthen the economy is to balance the budget.

Here's why: the cost of servicing Ontario's debt is approximately \$10 billion, the third-largest annual expense behind health care and education. To put this in perspective, Ontario spends more money on interest each year than on colleges and universities.

For every one per cent increase in interest rates, the cost to service the debt rises by \$467 million in the first year of the increase. If no action is taken to balance the budget, Ontario would pay almost as much to service the debt in 2017–18 as it spends on education today.

Managing Growth in Expenses

For every dollar in new revenues outlined in the *2012 Budget*, there are four dollars of savings and cost-containment measures.

Proposed Measures:

- ✓ \$4.9 billion in planned savings from removing overlap and duplication, implementing more efficient delivery models and focusing on core business
- ✓ \$6 billion in government actions to restrain compensation for school boards, payments to physicians and others in the public sector
- ✓ \$6.8 billion to contain costs across the broader public sector
- ✓ Freezing the general Corporate Income Tax rate and Business Education Tax rate reductions until the budget is balanced
- ✓ Extending the pay freeze for executives at hospitals, colleges, universities, school boards and agencies for another two years — for a total of four years
- ✓ Extending the pay freeze for MPPs for two years — for a total of five years
- ✓ Ensuring Ontario user fees recover more of the cost of providing programs and services.

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Managing Compensation Costs and Transforming Public Services:

More than 50 cents of every dollar spent by the Ontario government pays for the compensation of teachers, doctors and others in the broader public sector.

Compensation costs must be managed if the government is to meet its fiscal targets and protect the gains made over the past eight years in education and health care. To do this, the government is proposing:

- ✓ Strong action to manage current and future compensation costs
- ✓ Measures to make public sector pensions more affordable for taxpayers and sustainable for pension plan members.

Transforming and streamlining the way the government delivers support to business by creating a Jobs and Prosperity Fund — focusing on productivity and job creation. This will reduce administrative costs, while providing overall savings of \$250 million in 2014–15.



MORE INITIATIVES IN THE FIVE-YEAR PLAN

- ✓ Proposing to cap the Ontario Clean Energy Benefit at 3,000 kWh per month — allowing virtually all families to continue receiving the 10 per cent benefit and creating more than \$500 million in savings
- ✓ Asking about 5% of Ontario seniors with the highest incomes to pay more of their prescription drug costs
 - ✓ Right now, a senior with an annual income of \$300,000 gets the same benefit as a senior with an income of \$30,000 per year
 - ✓ There are about 1.9 million seniors living in Ontario. Under this change, about 75,000 seniors with net incomes over \$100,000 for singles and \$160,000 for couples will pay an average of \$665 a year more towards their prescription drug costs.

PROTECTING GAINS IN EDUCATION

The government is continuing its plan to have the world's best-educated workforce by:

- ✓ Fully implementing full-day kindergarten by September 2014
- ✓ Maintaining small class sizes
- ✓ Continuing to provide the 30% Off Ontario Tuition grant for eligible full-time undergraduate university and college students
- ✓ Integrating training programs to make them more responsive to today's job market.



PROTECTING GAINS IN HEALTH CARE

The government will build on Ontario's Action Plan for Health Care to create a sustainable and high-quality health care system by:

- ✓ Transforming health care to reduce the rate of growth of spending to an average of 2.1 per cent annually over the next three years
- ✓ Enhancing community-based care to treat patients in alternative settings such as non-profit clinics and at home instead of in hospitals, where appropriate
- ✓ Moving to patient-centred funding models to improve the value and quality of care.



EXCEEDING FISCAL TARGETS

- ✓ The deficit for 2011–12 is projected to be \$15.3 billion — that's \$1 billion lower than forecast a year ago and more than 38 per cent lower than the 2009–10 deficit forecast in the fall of 2009
- ✓ This is the third year in a row that the government has exceeded its fiscal targets.